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The

DEMAND and PRICE SITUATION

WASHINGTON, D. C., MAY 1954

FOR RELEASE
MAY 24, P. M.
1954

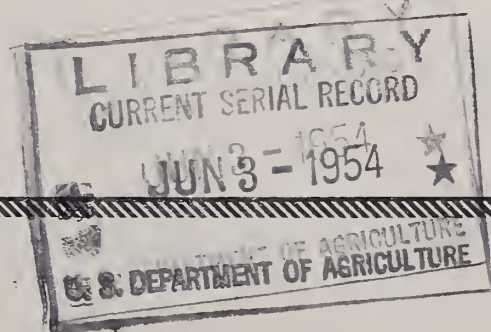


Approved by the Outlook and Situation Board May 17, 1954

SUMMARY

Domestic demand for food was strong in the first quarter of the year despite some decline in economic activity. Consumer incomes after taxes were maintained at record levels and consumers spent about 26 percent of their income for food, the same percentage as in 1953. The recent improvement in business conditions suggests that the demand for food will not change much in the second quarter.

Foreign takings of U. S. farm products so far in the current marketing year have totaled about the same as in the corresponding period a year earlier with gains for tobacco and fats and oils but smaller exports of wheat. Exports of cotton are currently running larger than a year earlier and are expected to total well above the 3.0 million bales exported in the 1952-53 marketing year.



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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1953		1954			
		Year	Apr.	Jan.	Feb.	Mar.	Apr.
Industrial production: 1/							
Total.....	1947-49=100	134	136	125	124	123	123
All manufactures.....	do.	136	138	127	126	124	124
Durable goods.....	do.	153	155	141	139	135	135
Nondurable goods.....	do.	118	121	113	113	113	113
Minerals.....	do.	116	115	113	113	113	112
Total outlay for new con- struction 2/.....	Million dollars	34,843	3,025	2,915	3,038	3,099	3,079
Residential.....	do.	11,905	1,080	965	1,021	1,101	1,074
Total civilian employment 3/.....	Million	61.9	61.2	59.8	60.1	60.1	60.6
Nonagricultural.....	do.	55.4	55.2	54.5	54.4	54.2	54.5
Unemployment.....	do.	1.5	1.6	3.1	3.7	3.7	3.5
Income:							
Nonagricultural payments 2/ 4/	Bil. dol.	267.4	265.5	266.4	266.0	265.5	
Production-worker payrolls 5/	1947-49=100	149.2	152.0	140.8	140.5	138.4	
Weekly earnings of production- workers in manufacturing 5/	Dollars	71.57	71.40	70.92	70.88	70.71	70.20
Durable.....	do.	77.19	77.56	76.40	76.38	76.00	75.43
Nondurable.....	do.	63.44	62.81	63.53	63.63	64.02	62.87
Prices:							
Wholesale prices, all com- modities 5/.....	1947-49=100	110	109	111	110	110	111
Commodities other than farm and food.....	do.	114	113	115	114	114	115
Farm.....	do.	97	97	98	98	98	100
Food, processed.....	do.	105	103	106	105	105	106
Prices received by farmers 6/	1910-14=100	258	259	259	258	256	257
Crops.....	do.	242	246	240	237	239	240
Livestock and products.....	do.	273	270	277	277	271	271
Prices paid, interest, taxes and wage rates 6/.....	1910-14=100	279	280	282	282	283	283
Items used in living.....	do.	270	269	271	271	272	273
Items used in production.....	do.	253	257	254	255	255	256
Parity ratio.....		92	92	92	91	90	91
Consumer price index 5/.....	1947-49=100	114	114	115	115	115	
Food.....	do.	113	112	113	113	112	
Government purchases of goods and services 2/ 7/.....	Billion dollars	84.9				82.2	
Federal (Less Govt. sales).....	do.	59.7				55.1	
State and local.....	do.	25.2				27.1	

Annual data for the years 1929, 1932 and 1935-53 appear on page 31 of the April 1954 issue of the Demand and Price Situation.

1/ Federal Reserve Board.

2/ U. S. Department of Commerce.

3/ Bureau of the Census.

4/ Monthly totals seasonally adjusted at annual rates.

5/ U. S. Department of Labor, Bureau of Labor Statistics.

6/ U. S. Department of Agriculture, Agricultural Marketing service.

7/ Quarterly totals seasonally adjusted at annual rates.

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Farmers' cash receipts in the first 4 months of this year were down about 3 percent from a year earlier. With record stocks of major farm products and continued heavy marketings, grower prices have averaged a little below the first 4 months of 1953. The index of prices paid by farmers for commodities, interest, taxes and wages was about the same as in early 1953. The parity ratio, fairly stable since last summer, averaged 91 in the first 4 months of this year compared with nearly 94 a year earlier.

Business activity firmed up seasonally in April. Nonagricultural employment, estimated by the Bureau of the Census, rose more than usual, and unemployment declined seasonally. This was the first drop in unemployment since last October. Industrial production leveled out at the March rate after allowance for seasonal factors. Wholesale prices were unchanged on the average from March to April.

Record April outlays for new construction continued to bolster the demand for final products. Retail purchases rose 3 percent from March to about the level of April 1953 with gains registered for both durable and nondurable goods. Government expenditures for national security programs in April were apparently below the reduced first quarter rate. Business investment plans for the second quarter suggest a small decline in outlays for producers plant and equipment. Activity in the manufacturing industries began to strengthen as new orders rose more than usual in February and March to a seasonally adjusted level more than a tenth higher than in January. Manufacturers' deliveries also increased more than usual in March, but continued to exceed new orders so that order backlogs were further reduced. Business inventories, seasonally adjusted, declined another 350 million dollars in March. The decline was centered in the durable goods sector. Retail stocks of nondurables, reflecting a pre-Easter increase in inventories at apparel stores, rose during the month.

Commodity Highlights

Prices of top grade steers may average seasonally lower this spring than last, but reductions are expected to be small and prices may prove fairly stable for the year as a whole. As sales of spring pigs reach volume earlier than usual, the decline in hog prices will likely begin before the normal time and the decrease through the fall will probably be more than average for the season. The annual rate of milk production in April receded from the record 130-billion pound rate in the previous 4 months, but production was still a record for April. Reflecting heavy production and the drop in support levels, prices received by farmers for all milk in April were 11 percent below a year earlier. Indications are that the chick and poult output this year will sustain record production of eggs and turkeys. Broiler production also is at record levels. Prices of poultry products in April averaged about 19 percent below a year earlier. Prices of soybeans have receded substantially from the peak reached in the latter part of April but still are well above last year because of smaller supplies and increased domestic and foreign demand. Corn prices have been fairly stable since January and probably will continue so during the next few months, reflecting primarily limited supplies in commercial channels. The buildup in carryover stocks of wheat will be materially slowed down in 1954-55, on the basis of prospects for this year's crop. With smaller supplies, grower prices for both California and Florida oranges are expected to average higher during late spring and summer than in this time of 1953. The aggregate tonnage of commercial vegetables available for spring marketing is expected to be 17 percent larger than average and 7 percent more than in the spring a year ago. Indications are that prices received by farmers for processing crops this year will be generally a little lower than in 1953. Potato prices strengthened substantially during the first part of May. Prices received by farmers for upland cotton during the first 9 months of the 1953-54 marketing year averaged lower than for the same months a year earlier except for January, February and April 1954. Prices of most wools at the auctions in the British Dominions early in May were a little higher than a month earlier, but were below a year earlier. This was reflected in higher quotations for some wools at Boston. Market prices for sales of Maryland tobacco through May 17 averaged 16 percent more than in the comparable period of a year earlier.

GENERAL BUSINESS CONDITIONS

The gross national product, which values the output of goods and services by the economy, was at a seasonally adjusted rate of 358 billion dollars in the first quarter, down 1½ percent from the rate in the final three months of 1953. Most of the decline resulted from a sharp drop in expenditures for national security and farm price support programs. Outlays for consumption, and investment in new construction and producers' durable equipment held at the fourth quarter levels, but the rate of inventory liquidation increased. In April economic activity apparently increased seasonally. Unemployment declined seasonally and nonagricultural employment rose more than usual for this time of year. Construction activity continued at record levels. Retail sales, up more than usual in April, were about the same as in April 1953. The index of industrial production leveled off in April, but manufacturers' new orders and deliveries rose more than seasonal in February and March.

Consumer Income and Spending
Continue High

Personal income after taxes in the first quarter of this year was slightly above the fourth quarter rate and about the same as the record 249.8 billion in the July-September period of 1953. However, personal incomes before taxes were down, largely the result of a drop in employment and a shorter workweek in mining and manufacturing industries. In March personal incomes, at a seasonally adjusted annual rate of 282.8 billion dollars, were 2 percent below the record of July 1953.

Personal consumption expenditures in January-March this year were at a seasonally adjusted rate of 230 billion dollars, the same as the fourth quarter and near the record of 231 billion in the third quarter of 1953. A decline in purchases of durable goods was offset by a further increase in spending for services. Consumer buying is apparently being well maintained in the second quarter. Retail sales in April rose 3 percent from March, after seasonal adjustment, and were equal to April 1953. Sales in durable and nondurable goods stores both rose during the month, with most major groups registering increases. Compared with a year earlier, durables were off 4 percent while nondurables were up 2 percent. Department store sales in April rose 2 percent from March, but they were 3 percent lower than last year.

Credit purchases by consumers are not contributing to an expansion of sales as they were last year. In March, consumer installment credit extended, after seasonal adjustment, was down nearly a fifth from March 1953. Monthly repayments were 6 percent above last year, and exceeded new credit extended by over 210 million dollars. Last year extensions of installment credit were nearly 440 million dollars more than repayments. The net extension of consumer credit in March 1953, represented roughly 8 billion dollars more purchasing power on an annual rate basis than in March this year.

Investment Demand
Holding Up Well

Combined expenditures for new construction and producers durable equipment ~~have~~ held near record rates since mid-1953, but total investment outlays have declined because of a sizable cut back in inventories. Expenditures for new construction rose around a billion dollars from the third quarter last year to a record annual rate of 26.4 billion in the first quarter. This gain was about offset by a gradual decline in outlays for producers durable equipment from the peak in the July-September quarter of 1953. Business investment plans for the current quarter suggest a further small decline in outlays for plant and equipment. But the value of contract awards and new housing starts suggest a continued large volume of construction activity. Contract awards for heavy construction rose sharply in April to a total only slightly below the all-time high for the month in April 1953. Total business inventories after seasonal adjustment continued to decline in March (the last month reported) even though the pre-Easter rise in retail stocks was larger than usual.

Expenditures for new construction in the first 4 months of this year were slightly higher than last year, and were record large for the period. Spending on industrial construction was down 12 percent from a year earlier, but private residential and hospital building rose slightly and commercial construction was up 40 percent. The continued movement of population to the suburbs has contributed to expansion of shopping centers and other facilities such as schools, churches, sewers, water facilities, and highways. Public utility construction was 7 percent higher than in the first 4 months of 1953, but public outlays for industrial and military facilities were sharply lower.

New housing starts in April were up a fifth, after adjustment for seasonal variation, from last year's low in August, and were the highest for the month since the record in April 1950. The value of residential contract awards in March was 10 percent above the highest month of last year, indicating continued large outlays for residential construction in the next few months.

Defense Spending Lower

Total government spending for goods and services in the first 3 months of this year was 4 percent below the fourth quarter of 1953. Expenditures for national security programs were down 6 percent and other Federal expenditures a tenth, reflecting a drop in farm price support expenditures. However, outlays by State and local governments were nearly 3 percent higher. Indications for April suggest a further decline in defense spending but a continued rise in outlays by State and local governments.

Production and Employment

The Federal Reserve Board's index of industrial production continued to decline slowly from January through March, then leveled out in April about 10 percent below mid-1953. Most of the reduction this year has been in production of durable goods.

The decline in output of nondurable goods began earlier than that of durables, dropping 9 percent from May to December last year. The index of nondurable production rose a little in January and then leveled out. However, output for some major industries is still down substantially--17 percent for textiles and apparel, and rubber and leather products--from the peak month of last year.

The index of production of durables did not turn down until September but fell more rapidly. In March and April it was 14 percent below August 1953. Output of primary metals bore the brunt of the reduction, plummeting 25 percent from its 1953 peak. Substantial reductions from last year's highs also were reported for major consumer durables, machinery, fabricated metal, and the transportation equipment industry. Steel production leveled out in April, apparently reflecting the substantial inventory liquidation that has already taken place and the seasonal upturn in automobile production, and signs of a small upswing appeared in May.

A little firmer tone appeared in manufacturing industries in February as new orders, after seasonal adjustment, rose 6 percent. They rose another 4 percent in March, as new business placed with transportation equipment producers increased substantially. March deliveries of both durables and nondurables were up 2 percent more than seasonally. However, sales exceeded new orders and the backlog of unfilled orders continued to decline.

Employment Higher in April

Employment rose by 498,000 workers from March to 60,598,000 in early April, according to estimates by the Census Bureau. The gain in nonagricultural employment was more than usual, with increases in trade, construction, and services outweighing a further drop in factory employment. The higher employment figure came from an increase of 238,000 civilian workers in the labor force and a drop of 260,000 in the number of unemployed to 3,465,000 in April. The decline in unemployment, about usual from March to April, was the first since last October.

Included among the employed in April were 8.9 million workers who worked less than 35 hours per week, an increase of 700,000 from March. On the basis of a survey in March, 1.7 million of these were working part time during the survey week because of slack work, job turnover, and other economic factors. This was about 400,000 more than in December when the last comparable study was made. Also counted as employed in April were 216,000 workers who were absent from work for the entire week due to temporary lay-off, compared with 232,000 in March and 100,000 in April 1953.

Commodity Prices

The all-commodity index of wholesale prices in early May was the same as in mid-April. Farm prices were down 1 percent. Processed foods averaged nearly 2 percent higher, but prices for industrial commodities averaged about the same as a month earlier. The all commodity index was about 1 percent higher than a year ago, with small gains for farm products, processed foods and industrial products.

The consumer price index in mid-March was down 2/10 of a point from a month earlier. Prices for food, apparel, and transportation were down slightly. Charges for rent, and medical and personal care continued their uptrend but at a slower rate. The index of prices paid by farmers for family living items was up 1 point in the month ended April 15 to the all-time high first established in the summer of 1952. Advancing food prices, led by increases for coffee, cereal products, fruit, meat, and vegetables not fully offset by declines for dairy and poultry products, were primarily responsible for the upturn. Higher prices were also reported for laundry supplies, but prices of other groups of family living items were steady to slightly lower.

AGRICULTURE: SUPPLIES AND PRICES

Consumer incomes and the demand for food and other agricultural products have been maintained at a high level so far this year. Consumer expenditures for food were estimated in the first quarter at 26 percent of

disposable income, the same percentage as in 1953. Sales by retail food stores in the first 4 months have held at the near-record levels of the same period last year, but apparel store sales averaged 4 percent lower. Exports of agricultural products in the year beginning July 1, total about the same as a year earlier. There were moderate gains for tobacco and fats and oils. Total exports of cotton through March of the current marketing year exceeded a year earlier by 4 percent. For the current season as a whole they are expected to total well above 1952-53. Exports of wheat have been substantially lower.

Table 1.- Indexes of wholesale prices, selected groups,
May 11, with comparisons

(1947-49 = 100)

Group	May 11, 1954					
	May 11, 1954	Apr. 13, 1954	May 12, 1953	percentage change from		
	1954	1954	1953	Apr. 13, 1954	May 12, 1953	
<u>Wholesale prices</u>						
All commodities.....	111.0	111.0	109.9	0	1.0	
Farm.....	99.0	100.3	98.5	-1.3	.5	
Food, processed.....	106.9	105.2	104.5	1.6	2.3	
All other than farm						
and food.....	114.4	114.5	113.4	-.1	.9	

Supplies of most farm products continue large. Red meat production in recent weeks has been only a little below a year earlier. Cattle slaughter is continuing large and hog slaughter, currently relatively small, will begin to pick up seasonally around mid-year. The annual rate of milk production has receded somewhat from the record 130 billion-pound rate of the previous four months, but is expected to continue heavy. Record production of eggs and turkeys is indicated this year. Broiler production also is at record levels. The aggregate tonnage of commercial vegetables available for spring marketing is expected to be considerably larger than average but only slightly more than in the spring a year ago. Carryover stocks of several storable farm products continue large, but most of them are held by CCC under price support programs.

Total agricultural output in 1954 probably will continue near the 1953 level if growing conditions are not unfavorable. Production of livestock products is expected to total larger with gains for dairy and poultry products and continued large output of meat. The wheat crop will be down and acreage allotments for cotton are smaller than the 1953 acreage. Planting intentions indicate that production of most small grains and oilseed crops will be larger and corn production near a year earlier if weather conditions are average.

The serious winter and spring drought in the central and southern portions of the western Great Plains was broken, at least temporarily, by fairly widespread rains in April. Over the eastern portion of the country including the eastern Great Plains, weather generally favored the growth of crops, and farmwork advanced rapidly except where soils were too wet, particularly in the Great Lakes region. In most of the West, however, field activities were halted and crop growth was retarded by the unseasonable cold and, in some sections, wet weather. In the main Corn Belt, frequent showers further improved the subsoil moisture. Additional rains fell in the first half of May over the southern, central and eastern portions of the United States, bringing further improvement in subsoil moisture.

Table 2.- Indexes of prices received and paid by farmers, April 1954
with comparisons

Group	(1910-14 = 100)				
	April 15, 1954				
	: Apr. 15, 1954	: Mar. 15, 1954	: Apr. 15, 1953	: percentage change from	
	: 1954	: 1954	: 1953	: Mar. 15, 1954	: Apr. 15, 1953
All farm products	257	256	259	<u>1/</u>	-1
All crops	240	239	246	<u>1/</u>	-2
Food grains	234	238	244	-2	-4
Feed grains and hay	208	208	213	0	-2
Cotton	267	263	267	2	0
Tobacco	443	443	424	0	4
Oil-bearing crops	283	275	289	3	-2
Fruit	217	212	207	2	5
Commercial vegetables :					
for fresh market	225	246	233	-9	-3
Potatoes, sweet- :					
potatoes and dry :					
edible beans	147	128	210	15	-30
Livestock and products ...	271	271	270	0	<u>1/</u>
Meat animals	333	316	299	5	<u>11</u>
Dairy products	237	257	263	-8	-10
Poultry and eggs	178	188	219	-5	-19
Wool	301	293	300	3	<u>1/</u>
Prices paid, interest, :					
taxes and wage rates	283	283	280	0	1
Items used for living.....	273	272	269	<u>1/</u>	1
Items used for production:	256	255	257	<u>1/</u>	<u>2/</u>
Parity ratio	91	90	92	1	-1

1/ Less than 0.5 percent increase.

2/ Less than 0.5 percent decrease.

Farm Product Prices
Steady

The index of prices received by farmers increased 1 point during the month ending April 15, to 257 percent of its 1910-14 average, 2 points less than a year earlier. Increases during the month in prices for hogs, cattle, potatoes, cotton, and soybeans were only partly offset by decreases for milk, eggs, butterfat, and several commercial vegetables. The parity index (prices paid for commodities, interest, taxes and wage rates) held unchanged at 283 from March 15 to April 15. Prices paid for items used in rural family living and production each rose 1 point, lifted by increases for food, feed, and feeder livestock prices. These upturns were partly offset by declines in prices for fertilizer and motor supplies. The seasonally adjusted farm wage rate index was down 3 percent, and it has declined more than usual this spring. With farm product prices averaging slightly higher and the parity index steady, the parity ratio rose 1 point to 91 in mid-April, 1 percent below a year ago.

Central market prices for several major agricultural products in early May averaged lower than in mid-April. Much of the decline came in the last week in April. Average weekly prices at Chicago were down slightly for slaughter steers and were 4 percent lower for barrows and gilts. Prices of No. 2 Hard Winter wheat at Kansas City were down 5 percent and soybeans at Chicago 2 percent. Delmerva broilers were 1 percent lower. Corn, No. 3 Yellow, at Chicago was up nearly 2 percent, and eggs, Midwestern, mixed colors, Fancy Heavy Weights, 65 percent-A were nearly 3 percent higher. The 10-market average for Middling 15/16 inch cotton was up about 1 percent from mid-April. Prices for potatoes strengthened substantially in early May.

FARM INCOME

Farmers' cash receipts from marketings in the first 4 months of this year totaled about 8.4 billion dollars, down 3 percent from the corresponding period in 1953 largely because of lower average prices. Receipts from cattle and calves, eggs, and milk were lower, but hogs were up and total cash receipts from livestock and products, estimated at 5.5 billion dollars, were about the same as last year. Crop receipts of 2.9 billion dollars were down 10 percent, with most of the decline in wheat, cotton, soybeans, and vegetables.

Total cash receipts in April were approximately 1.9 billion dollars, about 5 percent below the previous months and April 1953. Prices averaged about the same as in March, but marketings were slightly smaller. Compared with a year ago, both prices and marketings were down slightly. Receipts from livestock and products in April were 1.4 billion dollars, about the same as in the month before and in April of last year. Crop receipts last month were 0.5 billion dollars compared with 0.5 billion in the previous month and 0.6 billion in April, 1953. The largest declines from April of last year were for wheat, cotton and truck crops.

LIVESTOCK AND MEAT

Meat production in late April and early May was somewhat below a year earlier. Output of both beef and pork was down a little. Veal production has continued substantially above a year ago. Total meat production the rest of this year is expected to be about the same as in the corresponding period of 1953. Beef output may average slightly less than a year before while pork output in the second half will exceed last year.

Prices of the better grades of cattle were higher early in May than in May 1953, largely because supplies were smaller following a reduction in numbers on feed January 1. However, more cattle have moved into feed lots since January 1 than during these months last year. Prices of top grade steers may average seasonally lower this spring. Reductions are expected to be small and fed steer prices may prove fairly stable for the year as a whole. Spring rains, particularly drought-breaking moisture over the Great Plains and Southwest, have increased the demand for cattle to go on grass. A seasonal price decline is expected in grass cattle prices this summer and fall, when cattle off range are expected to sell for about the same average prices as last fall.

Record hog prices for this time of year are primarily the result of a reduction in slaughter supplies, while domestic demand for pork and export demand for lard have continued strong. As sales of spring pigs will reach volume earlier than in most years, the decline in hog prices will likely start before the usual time and the total decrease through the fall will probably be more than average. However, the decline will start from an unusually high level and prices this fall relative to feed prices will probably still be rather favorable to producers.

Lamb prices at central markets early in May were close to a year ago. A seasonal decline is likely, beginning around early summer. The price this fall will be affected by the abundant supply of beef but should be near the prices of last fall.

DAIRY PRODUCTS

The annual rate of milk production declined to 127 billion pounds in April from a rate of 130 billion in each of the preceding 4 months. This apparently reflected mainly the later spring, though the lower price for milk and butterfat relative to feed also may have been a factor. With normal weather, production per cow probably will continue near that of a year earlier. But the number of cows on farms at the beginning of the year was 3 percent over a year earlier, and probably will continue above 1953.

The price received by farmers for manufacturing milk declined 27 cents per 100 pounds from March to April, reflecting mostly the decline in support level. This left the April price 14 percent below a year earlier. The price paid by fluid milk distributors in April was 6 percent less than a year earlier and further reductions have occurred since. With a larger proportion being used in manufacturing, the price received by farmers for all milk averaged 11 percent below a year earlier. The price received for butterfat has settled to approximately the equivalent of new support levels and was 56.8 cents per pound in April compared to 65.4 cents a year earlier.

Wholesale prices for most dairy products have declined since announcement of the support levels which became effective April 1. Some items have declined more than the support equivalent, others less. Compared with a year earlier, wholesale prices in early May were lower than a year earlier by 12 percent for butter, 13 percent for American cheese, 16 percent for dry whole milk, 7 percent for evaporated milk and 13 percent for fluid cream. The wholesale price of condensed milk, on the other hand, has been stable since mid-January 1951.

Comprehensive data on retail price changes following the reduction in supports and their effect on consumption are not yet available. It is likely, however, that consumption of manufactured items per person this year will be a little greater than in 1953. Price reductions for fluid milk have been relatively less than for manufactured items.

The USDA has recently taken additional steps to move its surplus stocks of dairy products, including the offering of all 3 items--cheese, butter and nonfat dry milk--for sale abroad at prices more nearly competitive with products from other sources. Also, dried milk has been offered to domestic feed mixers at 3 1/2 to 4 cents per pound.

EGGS AND POULTRY

With the principal hatching season nearing its end for both replacement chickens and for turkeys, the indications are that the chick and poult output this year will support record production of eggs and turkeys. Broiler production also is at record levels, but the production for the rest of 1954 is uncertain.

The present or prospective supplies of each poultry product are considerably larger than a year earlier. Since last January 1, placements of broiler chicks have averaged 6 percent larger than in the same period of 1953. On May 1, farmers had 30 million (8 percent) more young chickens than last May 1 for flock replacement, and 3 percent more laying chickens. Hatchery output of poults to date, plus turkey eggs reported in incubators, indicate a turkey crop exceeding the 1952 record of 60.9 million turkeys raised.

Broiler prices received by farmers at mid-month averaged 24 cents per pound from January through April. This contrasts with a 28 cent average for the corresponding months of 1953. For those months last year, broiler-feed price ratio was 5.2, while the 1954 figure is 4.5.

Egg prices received by farmers averaged 35 cents per dozen in mid-April, 10.5 cents below a year earlier. When seasonally adjusted it was 86 percent of parity. In January-April, 14 percent more replacement chicks were hatched than in the same months in 1953. On May 1, there were 2 percent fewer eggs in incubators than a year earlier. The numbers of young and mature chickens already on farms indicate a record output of eggs late this fall and during the winter.

A large turkey crop is assured even if hatchery output the rest of the season is reduced sharply. To May 1, hatchings of heavy breed poults were 8 percent ahead of the same date last year, and lightweight breeds were 24 percent larger. By May 1, the 1953 turkey hatch had been 70 percent completed. The total 1953 output was 7 percent smaller than the 1952 record.

Industry committees, appointed by the Secretary of Agriculture to advise him regarding egg and turkey policy measures, have recommended against Department of Agriculture purchases of those commodities as price-influencing measures.

OILSEEDS, FATS AND OILS

Prices of soybeans have receded substantially from the peak reached in the latter part of April but still are well above the average for any month since 1948. Exports in October 1953-April 1954 are estimated at a record of nearly 34 million bushels. Crushings are somewhat less than a year earlier. Supplies of soybeans available for crushing in April-September 1954 are sharply reduced, as stocks on April 1 were 20 percent less than a year ago and the smallest for that date since 1949. The 1953 soybean crop was the smallest since 1949.

Prices of flaxseed have moved up to about the support level, as commercial supplies available for crushing are small. Stocks of flaxseed on April 1, 1954 were the largest for that date since 1950, but government stocks and seed needed for planting this spring comprised a large percentage of the total. Commercial supplies of linseed oil may not be sufficient to meet domestic requirements before substantial quantities of new crop oil become available and users may have to purchase oil or flaxseed from CCC.

Domestic disappearance of all food fats (edible oils, lard and butter) in the first half of the present crop year (October 1953-March 1954) was 4 percent greater than a year ago. Reduced use of lard was more than offset by greater consumption of edible oils and butter. Exports of all food fats in this period were 34 percent larger than a year earlier, with sharp increases in exports of oils and oilseeds more than offsetting smaller shipments of lard. A substantial portion of these exports is financed by the U. S. Government under various programs.

Total disappearance of inedible tallow and greases in October 1953-March 1954 was 16 percent greater than a year earlier. Most of the increase was in exports, which are at a record rate, but domestic use also was greater. Output is not as much above a year earlier as disappearance and stocks on April 1, 1954 were the smallest for that date since 1951. Prices have increased sharply since last October and in recent months have been the highest since December 1951.

CORN AND OTHER FEED

Prices of most feeds have increased since last fall and in April, the indexes of prices received by farmers for feed grains and prices paid by farmers for feed were only slightly lower than a year earlier. Corn prices have been comparatively stable since January and probably will continue so during the next few months. Prices of oats, barley, and sorghum grains this spring and summer will depend largely on prospects for the 1954 crops. Larger acreages of these feeds are in prospect and the price supports for this year's crop will be 6 to 7 percent lower than in 1953.

Prices of high-protein feeds have advanced sharply since last fall and in April averaged about 23 percent higher than a year earlier, with the greatest increase in the price of soybean meal. Prices of these feeds probably will continue higher than a year earlier during the next few months as a result of smaller supplies and increased demand from producers of hogs and poultry. CCC has offered nearly 300,000 tons of dried skim milk for sale to mixed feed processors, which will offset a part of the deficit in protein feeds.

During the first half of the 1953-54 feeding season, farmers fed their livestock about the same quantity of grain and other concentrates as in that period of 1952-53, while exports of feed grains were somewhat smaller. Imports of oats and barley have exceeded those of a year earlier. Record stocks of feed grains were on hand April 1, nearly 10 percent larger than a year earlier. In the last half of the feeding season (April-September), the quantity of feed grains fed to livestock probably will be a little larger than a year earlier, but exports are expected to continue smaller. A record carryover of feed grains into 1954-55 is in prospect, probably about one-fifth larger than the 27 million tons in 1953. The corn carryover is expected to total about 950 million bushels, the bulk of which will be under loan or owned by CCC.

WHEAT

The build-up in carryover stocks of wheat will be materially slowed down in 1954-55, on the basis of prospects for this year's crop. The winter wheat crop was forecast at 707 million bushels as of May 1, 19 percent less than the 1953 harvest. The first estimate of spring wheat production will not be made until June 10. However, if farmers plant the acreage indicated by their March 1 intentions and yields are average, the crop would be about 225 million bushels. The total of about 930 million bushels probably would only moderately exceed domestic disappearance and exports.

Supplies for the marketing year ending June 30, 1954, are estimated at 1,736 million bushels. Total disappearance is now indicated at about 860 million bushels compared with more than a billion bushels in 1952-53. Most of the drop from last year reflected reduced exports. Exports of wheat and flour from July through March totaled about 150 million bushels, down about 100 million from the same months of the 1952-53 marketing season. Disappearance of 860 million bushels would leave a carryover of around 875 million bushels on July 1, 1954. This will be far above the record of 631 million on July 1, 1942. The carryover on July 1, 1953, was 562 million bushels and the average for 1943-52 was 298 million. It is expected that almost all of the carryover will be held by the CCC or under resale programs.

Largely reflecting the improvement in the new winter wheat crop resulting from recent rains, cash hard winter wheat prices at Kansas City declined sharply on May 13. Little change occurred in soft winter wheat prices at St. Louis or in the price of soft white wheat at Portland. Prices of winter wheat ordinarily start an adjustment to new crop conditions about May 15.

FRUIT

With remaining supplies of Florida oranges lighter than a year ago and a strong demand from processors, grower prices are expected to be somewhat higher in May and June, the closing months of the 1953-54 season, than a year earlier. Prices for the much smaller California Valencia crop also are expected to average higher during late spring and summer than in this time of 1953. Because of larger remaining supplies, however, prices for Florida grapefruit probably will finish the season this June at levels somewhat under comparable prices in 1953. Supplies of deciduous fruits will be seasonally low in June as remaining stocks from the 1953 crop dwindle and supplies from the 1954 crop will still be small.

Output of frozen orange concentrate from Florida Valencia oranges increased sharply in April as the oranges reached the desired maturity. Through May 1, of the 1953-54 season in Florida, total production was about 51 million gallons, 53 percent larger than in the corresponding part of 1952-53. For the entire 1953-54 packing season, which will be practically over by the end of June, total output is expected to be considerably larger than the 1952-53 pack of 46.6 million gallons. Frozen concentrate from California Valencias will be made mostly in summer. Even though retail prices for frozen orange concentrate in December 1953 and January 1954 were somewhat higher than in these months of 1952-53, consumer purchases were much higher. Purchases increased further in February and March as prices dropped under those of a year earlier. At these higher rates of movement, supplies again will be relatively low next fall.

Production of peaches in the 10 Southern early States as indicated by the May 1 conditions of the crop will be about 21 percent smaller than the 1953 crop and 20 percent under the 1943-52 average. However, the crops in Georgia and South Carolina are expected to be nearly as large as in 1953, but about a tenth lower in North Carolina. In California, the outlook on May 1 was for smaller crops of sweet cherries, apricots and plums. Total production of strawberries is expected to be about 6 percent below 1953, mainly because of smaller crops in the late spring States.

The May 1 cold storage report of the USDA showed that stocks of 1953-crop apples in cold storage May 1, 1954, were 3.3 million bushels, about the same as a year earlier. The major volume of these apples was in Washington where production in 1953 was above 1952. In late April grower prices for Washington Winesaps were averaging about the same as a year earlier, while prices for Delicious were lower. Cold-storage stocks of pears on May 1, 1954 were down to 71,000 bushels, the same as a year ago and 34 percent below average. Prices for D'anjou pears on the New York auction in early May were somewhat under the relatively high prices of May 1953.

Cold-storage stocks of frozen deciduous fruits and berries (excluding juices) on May 1, 1954 were about 40 percent larger than a year earlier. Stocks of frozen orange juice also were about 29 percent larger. Packers stocks of 11 items of canned fruits on April 1, 1954 were about 6 percent larger than on that date in 1953. Stocks of canned peaches, apricots, applesauce, and sour cherries were considerably larger. But stocks of apples, sweet cherries, pears, and plums and prunes were smaller. Stocks of seven major items of canned fruits held by wholesale distributors on April 1, 1954 were about 5 percent smaller than a year earlier. Total stocks of canned fruits on this same date were only slightly larger than last year.

COMMERCIAL VEGETABLES

For Fresh Market

In spite of substantial rain and flood damage in South Texas in early April, the aggregate tonnage of commercial vegetables available for spring marketing is expected to be 17 percent larger than average (1949-52), and 7 percent more than in the spring a year ago. Because of the ample supply situation, prices received by farmers for fresh vegetables are expected to average slightly lower than a year earlier. Possible exceptions to this general abundance and relatively low prices probably will include cabbage, eggplant and onions.

For Commercial Processing

Early reports from canners and freezers indicate less acreage this year than last in beets for canning, cabbage contracted for kraut, cucumbers for pickles, and sweetcorn, green peas, and tomatoes for canning or freezing.

More acreage was planted this year in spinach for processing in areas harvesting during winter and early spring, but harvested acreage is down slightly and indicated production on this acreage is 11 percent less than the crop produced in the same areas last year. Acreage of green lima beans and snap beans for processing is expected to be slightly larger this year than last.

Incomplete data indicate that prices received by farmers for processing crops this year will be generally a little lower than in 1953.

POTATOES AND SWEETPOTATOES

Potato prices strengthened substantially during the first part of May. With supplies of spring potatoes nearly a fourth smaller than last season, prices of both old and new stock during the next two months should average well above those of a year earlier. Sweetpotato prices are expected to remain seasonally high, but below a year earlier, until the new crop starts moving to market.

COTTON

Prices received by farmers for upland cotton during the first 9 months of the 1953-54 marketing year were below a year earlier except in January, February, and April 1954. The average price received by farmers for all cotton from August 1953 through April 1954 was 32.2 cents per pound. This compares with an average of 34.6 cents for the entire 1952-53 marketing year and is lower than the average for any marketing year since 1949-50.

From August through December 1953, the monthly average 10-spot market prices for Middling 15/16 inch cotton were lower than in the same months a year earlier. As large amounts of cotton moved into the CCC loan and as domestic consumption and exports used some of the supply, it became apparent that non-CCC stocks were not of sufficient size to meet domestic consumption and export requirements and still leave adequate commercial stocks at the end of the season. Consequently, the price of cotton increased above the CCC loan level; stocks controlled by the CCC decreased; and commercial stocks increased. Since December the average monthly prices have been higher than a year earlier and higher than during August-December.

CCC stocks (pooled to producers' accounts, owned, and pledged as collateral against outstanding loans) reached a peak of 8.4 million bales on February 12, 1954. They had declined to 7.7 million by May 7.

Exports of cotton from August 1, 1953 through March 1954 were about 96 thousand bales larger than for the same period last year. Trade reports indicate exports during April continued above a year earlier. Total exports for the current season may be around 3.6 million bales, compared with about 3.0 million in 1952-53.

The rate of domestic mill consumption of cotton continued to decline during March and April. The total for the 1953-54 season is now expected to be approximately 8.6 million bales.

Total disappearance for 1953-54 is estimated at about 12.2 million bales. Deducting this disappearance from the supply of 22 million bales leaves an August 1, 1954 carryover of about 9.8 million. This compares with 5.6 million on August 1, 1953 and will be the largest carryover since August 1, 1945.

WOOL

Prices of most wools at the auctions in the British Dominions early in May were a little higher than a month earlier but below a year earlier.

The rise in prices in foreign markets has been reflected in quotations for some wools at Boston. Quotations for Montevideo 1's (56's) and finer super shorn wools for the week ending May 14 ranged from 5 to 10 cents per pound, clean basis, higher than a month earlier. Quotations for scoured imported pulled wools advanced during the first week in April and have remained unchanged since then. Quotations for Australian shorn wools were unchanged from a month earlier. Quotations for some domestic shorn and pulled wools were a little higher than a month earlier, but those for most wools were unchanged.

Prices received by growers for shorn wool at mid-April averaged 53.6 cents per pound, grease basis, compared with 52.1 cents a month earlier and 54.1 cents a year earlier. The national average support level under the 1954 program is 53.2 cents, 0.1 cents above that of the 1953 program.

The rate of domestic mill consumption of apparel wool increased slightly during both January and February and leveled off in March. The total for the quarter, however, was about one-third below a year earlier. Mill use of carpet wool during the first quarter was about one-fifth below a year earlier.

Imports of dutiable wool for consumption during the first quarter were only a little more than two-fifths the quantity of a year earlier. Imports of duty-free wool were about half those of a year earlier.

As of April 30, CCC had available for sale about 86 million pounds, actual weight, of the 101 million pounds acquired under the 1952 program. On March 31, about 90.4 million pounds were available for sale.

TOBACCO

Auctions for the 1953 Maryland tobacco crop opened on May 4, 1954. Market prices for sales through May 17 averaged 58 cents per pound--16 per cent more than in the comparable period of a year earlier. The 1952-53

disappearance of Maryland tobacco was a record and demand is expected to continue strong. Quality has been reported as better than last year's. The Government support level is 50.4 cents per pound. The 1954 crop of Maryland tobacco will be ineligible for Government price support since growers disapproved a marketing quota on this crop. The 1953 crop plus January 1, 1954 stocks of Maryland tobacco at 102½ million pounds is about 2 percent below a year earlier. Indicated 1954 acreage as of March 1 was 2 percent above the 1953 harvested acreage. If yields per acre equal the recent 3-year average, 1954 production would approximate 37 million pounds --practically the same as in 1953. Most Maryland tobacco is used in cigarettes and about one-fifth is exported.

The 1954 crop minimum support levels were announced for the eligible kinds of tobacco on April 29. For flue-cured, the minimum support level at 47.9 cents per pound is the same as last year's actual support; and for Burley, the minimum support is 46.4 cents--one-fifth of a cent less than last year's actual support. The minimum supports for fire-cured, Virginia sun-cured, dark air-cured, Ohio filler, New York and Pennsylvania Havana Seed, and Southern Wisconsin and Northern Wisconsin tobaccos are slightly less than 1953 support levels but for the Connecticut Valley Broadleaf and Havana Seed types, they are slightly higher.

First quarter 1954 factory removals of tax-paid cigarettes dropped about one-tenth below the unusually high level of the first quarter of 1953. Early last year, dealers were stocking heavily in anticipation of a price advance which occurred around the end of February. At that time, wholesale cigarette prices for standard brands advanced 5 percent and have remained unchanged since.

During the first quarter of 1954, tax-paid removals of cigars, smoking tobacco and plug chewing tobacco were a little lower than in the comparable period of a year earlier, but scrap chewing tobacco and snuff were a little higher.

The exports of flue-cured tobacco during the first three quarters of the 1953-54 marketing year were 21 percent larger than in the comparable period of a year earlier, principally because of the heavier shipments to the United Kingdom. Tobacco exports in the last quarter of 1953-54 will probably be smaller than in the comparable period of 1952-53, when unusually heavy shipments of previously optioned tobacco were made to the United Kingdom. For other types for which the marketing year begins October 1, exports through March were higher than in the comparable period of a year earlier for Burley, Green River and Black Fat but lower for Maryland, Virginia fire-cured, Kentucky-Tennessee fire-cured, and One Sucker. Some increases in exports of these latter types are expected in the second or third quarter of this year.

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